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OCI NO 0830/75

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
July 3, 1975

MEMORANDUM

SUBJECT: Subversion in the Arab Gulf

Evidence of attempts by outside powers to gain influence and shape events in the Arab Gulf raises some fears about middle-and long-term security of the small, but energy-important states that ring the eastern periphery of the Arabian peninsula. The tactics of Iraq, the Soviet Union, extremists in the Palestinians community, South Yemen, and Libya may vary, but all have been involved in clandestine operations and subversive action in the Gulf.

Although there are occasional indications of conflict between these external forces--Iraq and South Yemen have disputed whether Baghdad or Aden should have the leading role in exporting revolution to the Gulf--more often there is a cooperation based on a commonality of interest. For example, there is evidence that Soviets and some fedayeen organization have cooperated in clandestine activity in Kuwait, and that South Yemen, the USSR, Iraq, and Libya have jointly supported the Dhofar rebels. To the extent that radical Arabs and the Soviets act in concert in their effort to subvert the moderate rulers in the Gulf, another dimension is added to the job facing local security forces in devising effective countermeasures.

In the following memorandum, we examine the subversive role being played in the region by non-indigenous radical Arabs and the Soviets Union and we speculate on future developments. The current dossier on subversive action in the Gulf underlines a number of intelligence gaps and strongly suggests that the activities of the outside forces under review would bear close

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monitoring in the future.

IRAQ

The Algiers agreement, reached in early March between Iran and Iraq, is part of an intensive Iraqi effort to project an image of moderation in its regional policy. We have serious reservations about whether any substance exists behind the image and whether, as some observers have optimistically concluded, Iraq will end its interference in the affairs of its neighbors.

Past performance does not encourage acceptance of the new pose of Iraqi strongman Saddam Husayn Tikriti. Although his personal charm and dynamism have favorably impressed the Shah of Iran and many Western and Arab leaders, his record is that of a dedicated Baathist revolutionary and meddler in the affairs of other countries.

We believe that the Iraqi leadership remains revolutionary in outlook and committed to the overthrow of those governments in the Peninsula and the Arab Gulf not sharing Baghdad's radical ideology.

Our assessment is that Baghdad has adopted a two-tiered policy. It will actively court its neighbors on the diplomatic level, while continuing to give aid to local clandestine groups and otherwise interfering in domestic affairs. For a time, however, in keeping with the conciliatory spirit of Algiers, Baghdad may refrain from blatant involvement, such as its support in June 1974 of an effort by local Baathists to overthrow the North Yemeni government.

The end of the Kurdish war has freed the Iraqis to focus their energies on covert operations aimed at extending their influence within the states of the Peninsula and the Gulf. Baghdad has never been better prepared financially for such undertakings. Although Baghdad is currently facing some short-term financial difficulties, Iraq's oil income--an estimated \$6.5 billion in 1974--is growing rapidly.

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In line with its new moderate posture, Baghdad will probably concentrate for a while on building clandestine assets through an expansion of Baathist cells in the countries of the Gulf and increasing its aid to local dissident groups. Iraq, moreover, may spend liberally to influence local or expatriate Arab officials. Iraqi embassies will probably acquire additional intelligence and security-related personnel.

The following review of recent Iraqi activity in the Gulf does not inspire confidence in Baghdad's professed adherence to the principle of respect for and non-interference in the domestic affairs of neighboring states.

In Bahrain, the Iraqi embassy has for many years clearly been involved in supporting Baathist and other leftist elements.

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The Iraqis are also expending much time and money to develop contacts and gain influence with Bahraini students studying abroad.

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In Kuwait, Iraqi subversive activity is also conducted by Iraqi diplomats and Iraqi residents in the country.

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Before the Kuwait national assembly election in early 1975, the Arab Nationalist Movement-Kuwait was receiving Iraqi help in its campaign, and the Iraqi Communist Party reportedly had offered funds, pamphlets, and organizational assistance to the leftist Kuwaiti "State Security Group." Iraq reportedly has some influence in the Kuwait labor movement; one leader is said to be an Iraqi Baathist, and a number of Kuwaiti trade unionists have attended the worker education school in Basra.

Over the years Iraq has given significant financial aid, as well as arms, to the rebels in Oman's western province of Dhofar. PFLO members are being trained in sabotage in Iraq. Graduates of the course have also been sent to the other countries of the gulf.

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Iraqi activity has also been identified in the United Arab Emirates, especially Abu Dhabi.

There is little information on activity by Baghdad in Qatar, but Iraqi agents reportedly operate there.

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LIBYA

Libya's most significant involvement in Gulf subversion has been its support of the insurgency movement in Oman's Dhofar province. Since at least late 1973, the Libyans have given financial and military assistance to Dhofar rebels, the fighting arm of the Popular Front for the Liberation of Oman. Libyan arms and military supplies are shipped to South Yemen, where they are then turned over to Dhofari representatives.

Libyan President Qadhafi has justified his interference in Gulf affairs and support of the PFLO on the grounds that the present governments of the Gulf states are reactionary and should be replaced by a PFLO-led union of radical states. Libya's strongest public statement in support of PFLO's aims in the Gulf occurred on June 11, 1975 when Prime Minister Jallud threatened to "turn the Gulf into another southeast

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Asia" unless allied forces helping Sultan Qabus were withdrawn, and the Omani government "solves its problems" with the Dhofaris.

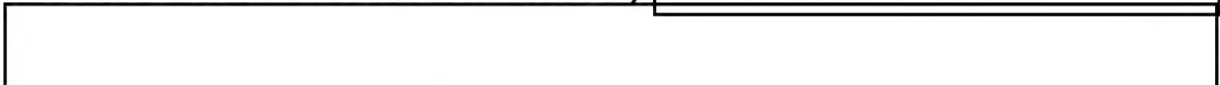
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Libya is also taking a more active role in other areas of the Gulf.

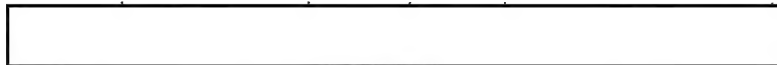


President Qadhafi's recent decision to cooperate with the two Marxist fedayeen organizations, the Popular Front for the Liberation of Palestine and the Popular Democratic Front for the Liberation of Palestine,

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Palestinians Extremists

Most Palestinians in the Gulf are reluctant to operate against the host governments that provide them with a secure base and the opportunity to collect funds from the large resident Palestinian community. The more radical "rejectionist" organizations, however, do not share the view of the Palestine Liberation Organization that, for the moment, terrorist operations should not be targeted against Gulf installations.

The hijacking of the British Airways aircraft in Dubai in November 1973 by an Iraqi-based group led by Fatah dissident Abu Nidal, along with the takeover of the Japanese embassy in Kuwait in February 1974 by the Popular Front for the Liberation of Palestine, forcefully demonstrate that the radical organizations are not loath to embarrass their hosts when it suits their purposes. The hijackers claimed, on interrogation, to have received their training in Iraq and to have infiltrated Dubai by boat.

There is a strong likelihood that the rejectionist organizations will mount further terrorist operations in the Gulf and elsewhere if any progress is made in negotiations toward an Arab-Israeli settlement. Egyptian President Sadat's opening of the Suez Canal in early June and recent Israeli moves could prompt the rejectionists to stage terrorist spectacles as a way of disturbing the political atmosphere.

The record indicates that the rejectionists will go after vulnerable targets wherever located, regardless of the political risks they incur by antagonizing other Arabs. The Abu Nidal group in Iraq, the PFLP, and the other extremist organizations are training operatives who could be dispatched in an effort to derail negotiations. The Gulf provides tempting targets for fedayeen terrorism: western diplomatic personnel, oil tankers and installations. In view of the current feuding between the rejectionists and the PLO, moreover, the Gulf could at some point become the scene of a bloody intra-fedayeen struggle, one that the host governments might find difficult to control.

Fatah, the most powerful fedayeen organization, has maintained a low profile in the Gulf, confining its activities to fund-raising, lectures and pro-Palestinian exhibitions. Yasir Arafat's organization, however, should not be excluded from

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an analysis of potential threats to the Gulf sheikhdoms.

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25X6 [REDACTED] Moreover, the murder of two US diplomats in the Saudi Arabian embassy in Khartoum in March 1973 by Fatah's terrorist arm, the Black September Organization, shows how Fatah, like its extremist sister organizations, can ignore the sensitivities of friendly Arab governments--in this instance both Sudan and Saudi Arabia--in pursuit of its own objectives.

A repeat performance of the Khartoum operation could be staged by the BSO in any of the Gulf states if Fatah sees enough political advantage in terrorist action to outweigh the political risk. Yasir Arafat might, for example, come to believe that the Arab states and Israel were moving toward a settlement that did not meet Fatah's minimum demands. Fatah would be tempted to use terrorism to make the point that the interests of the Palestinians cannot be subordinated to those of the negotiating parties and the superpowers. Should Fatah mount an operation in the Gulf, BSO operatives already in place in the area could be supplemented by other guerrillas before the target date. This modus operandi was used by the BSO at the Munich Olympics in 1972 and in the Khartoum operation.

The Soviet Union

The USSR in recent years has shown a growing interest in the Arab Gulf. Soviet moves have been probing and exploratory. Moscow sees the Gulf as playing a role in its overall policy in the Indian Ocean. Not only do the Soviets wish to buttress their relations with radical Arab states, but they want access to shore facilities to extend the duration of deployment of their naval forces. Western dependence on Gulf oil attracts Soviet attention to the region. In pursuit of its strategic objectives and national policy goals, the USSR is seeking to expand its influence in the Gulf littoral states, but despite its efforts, diplomatic relations have been established only with Kuwait.

The diplomatic foothold that the USSR and its Eastern European allies have in Kuwait, dating back to 1963, gives them an opportunity to exert influence on local radical elements and to expand their sphere of action to countries down the Gulf.

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There are about 100 Soviet citizens working in Kuwait. These include embassy and commercial office personnel, Aeroflot representatives, experts of various types, Arabic language students, and a few university professors. There are also TASS or other press personnel based in Kuwait who frequently travel to other parts of the Gulf.

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